

CBO Summer Update

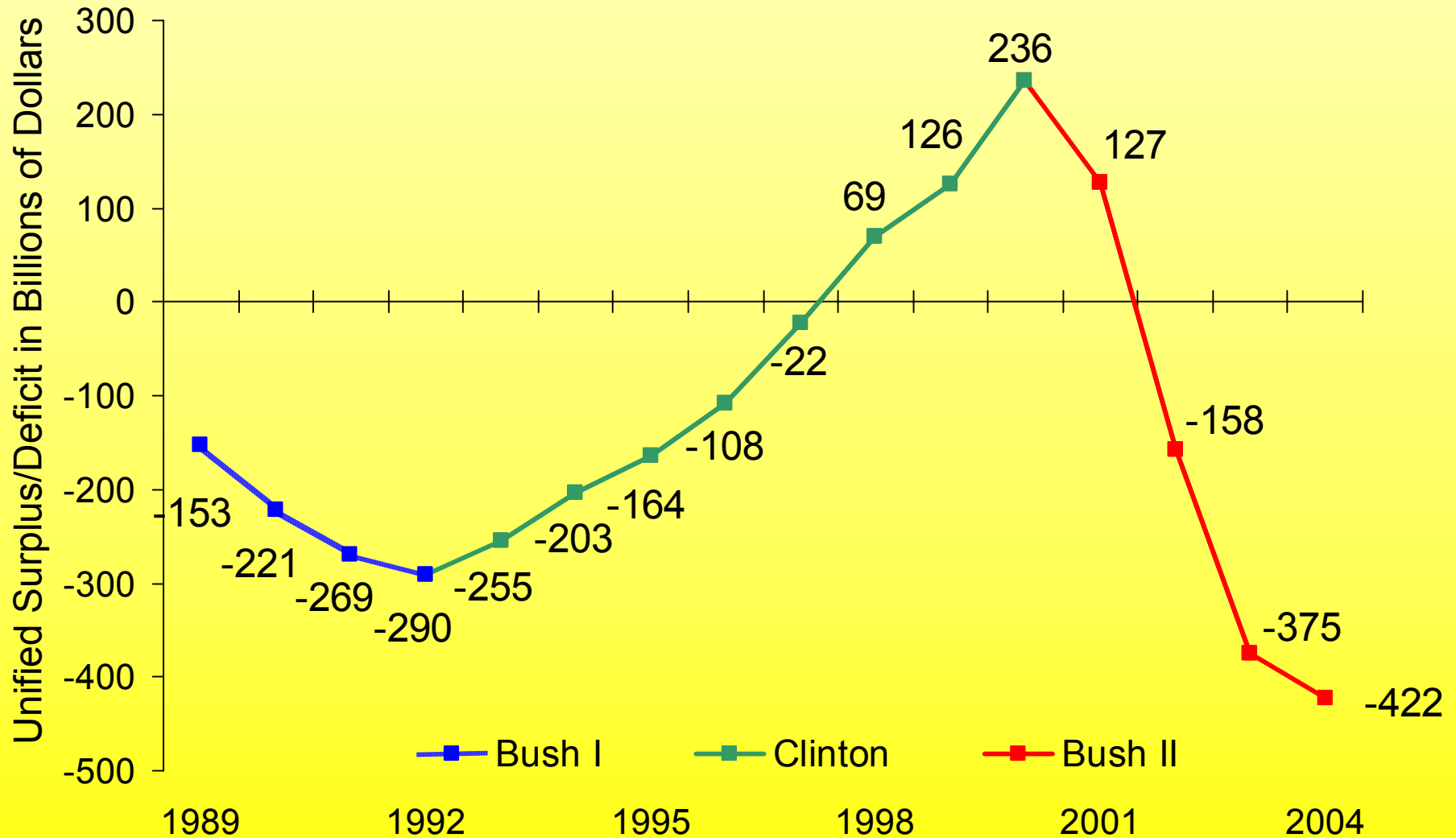


Republicans Create
Record Deficits,
Continue Fiscal
Mismanagement

September 7, 2004

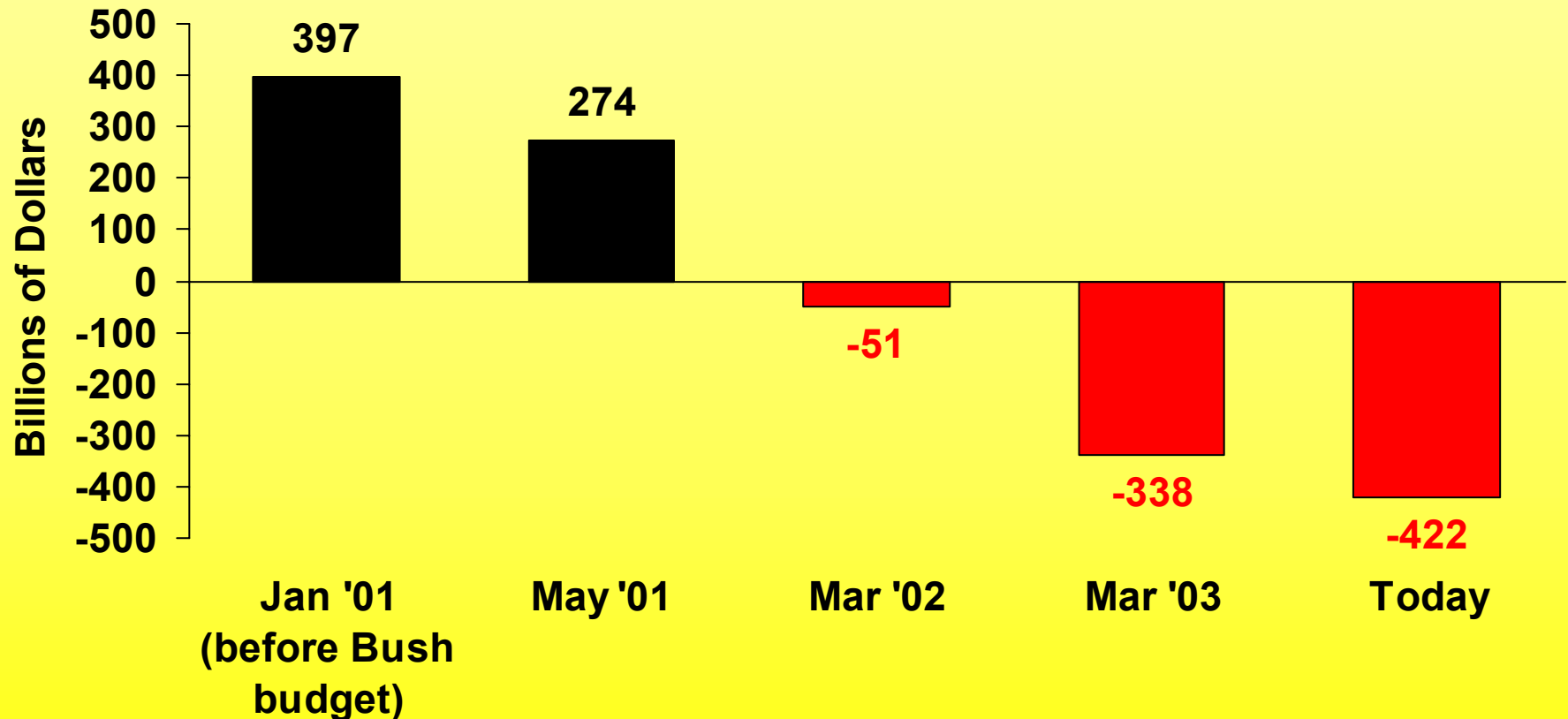
Backsliding Into the Deficit Ditch

From Deficit to Surplus to Deficit Again

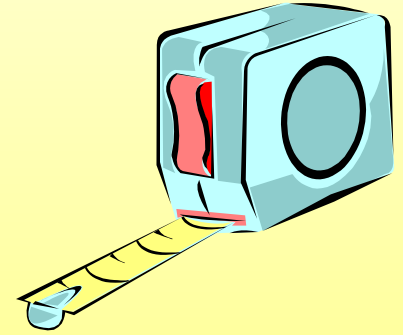


Under President Bush's Watch, 2004 Budget Steadily Declines

Surplus or Deficit Projections for Fiscal Year 2004



2004 Deficit: **\$422 Billion**



- **The largest deficit in American history**
- \$47 billion worse than last year's \$375 billion
- \$623 billion worse than CBO projected in 2001 with the tax cuts, and \$818 billion without
- \$574 billion if the Social Security surplus is not counted
- 3.6% of the GDP, or 5.0% not counting the Social Security surplus
- \$40 billion greater than all non-homeland security domestic discretionary spending
- Only \$31 billion less than all defense spending
- 52% as large as all individual income taxes
- 86% as large as all Social Security benefits
- 42% more than all Medicare spending

Baseline Deficits Don't Tell the Whole Story

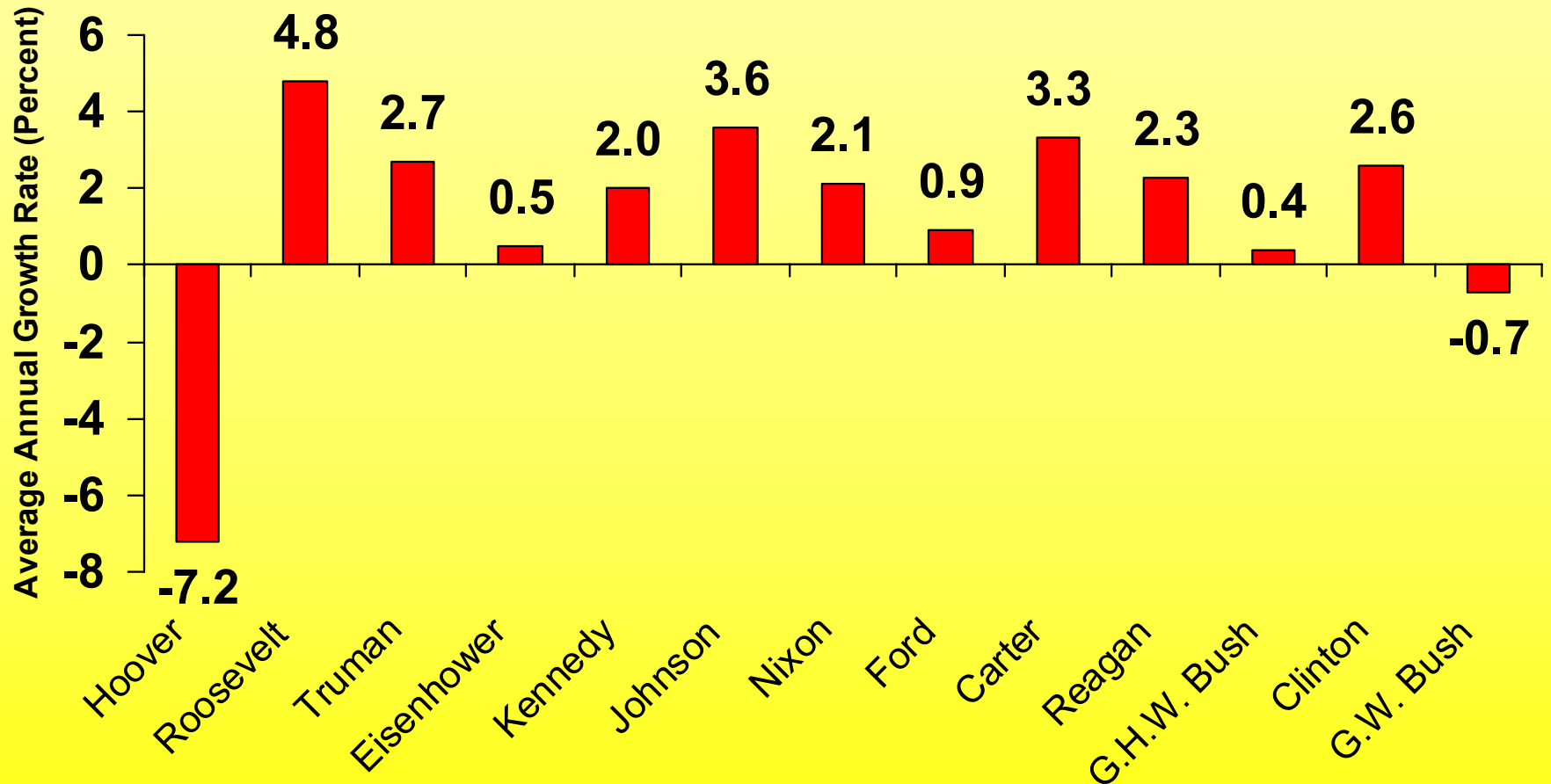


Baseline estimates omit:

- Exploding tax cuts after 2010;
- Needed middle-income AMT relief;
- Continuing defense build-up;
- Social Security privatization transition costs;
- Natural disasters, such as hurricanes; and
- Resulting debt-service costs.

Worst Private-Sector Job Growth Since the Hoover Administration

Change in Private Nonfarm Employment

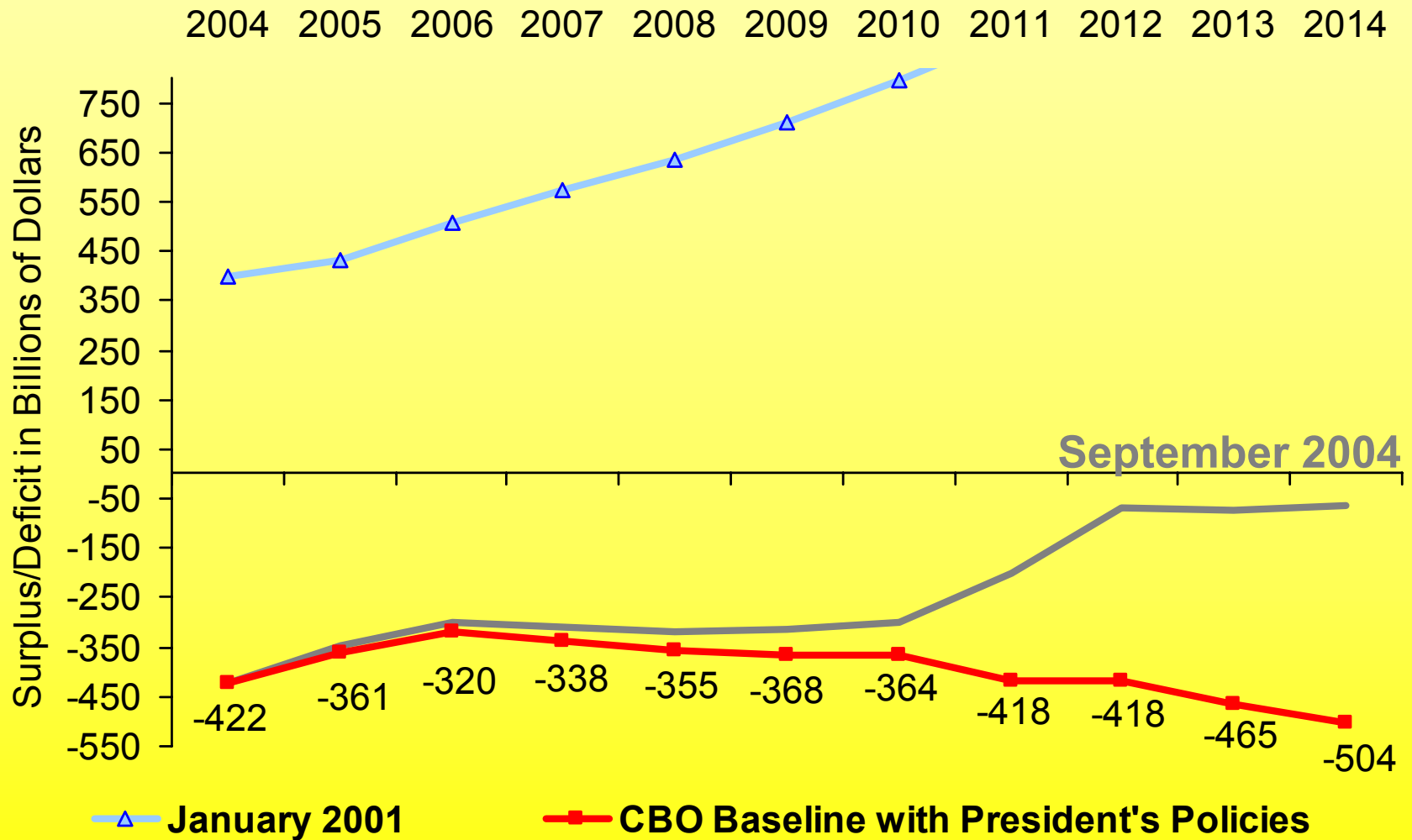


Surplus Declines \$9.1 Trillion Under Republican Policies

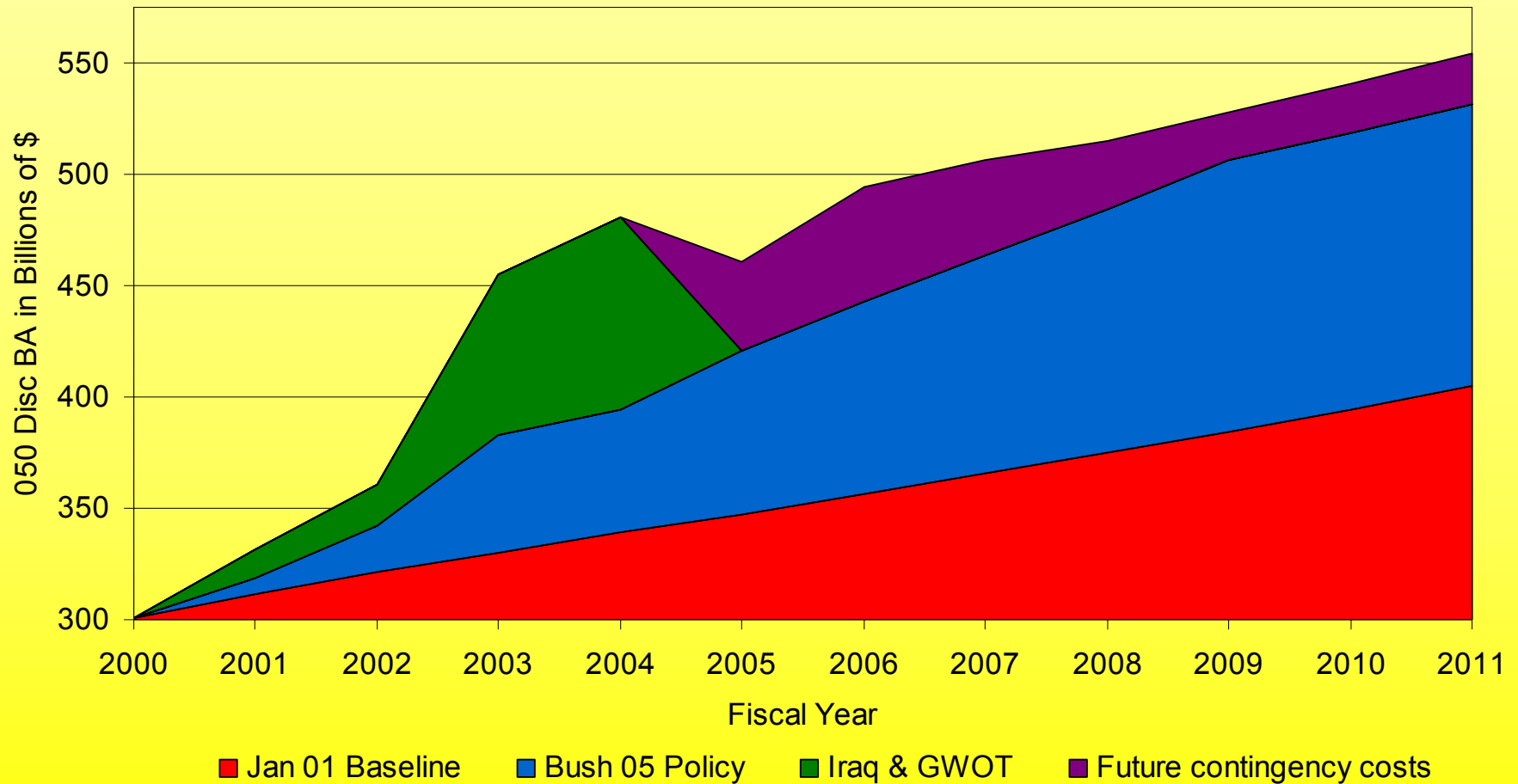
Unified Budget Surplus, Trillions of Dollars

	2002-2011
January 2001	5.610
August 2001	3.397
January 2002	1.601
August 2002	0.336
January 2003	0.020
September 2004	-3.037
<i>plus President's policies</i>	-3.478

More Accurate Estimate Shows Even Bleaker Budget Outlook



Increased Cost of Defense Under Bush Administration Plus Estimate of Future Contingency Costs

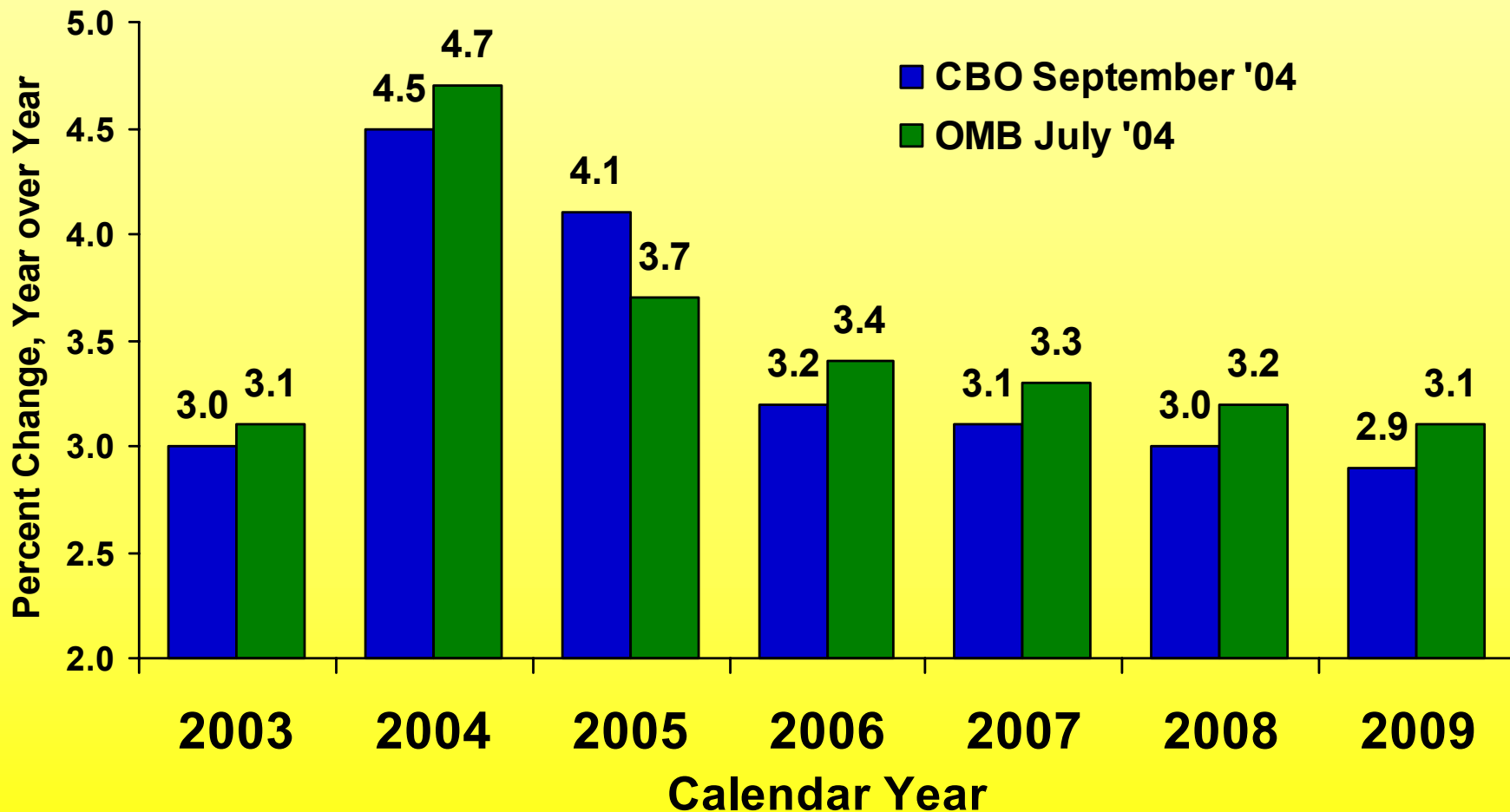


Projected 2004 Surplus Becomes Largest Deficit in History

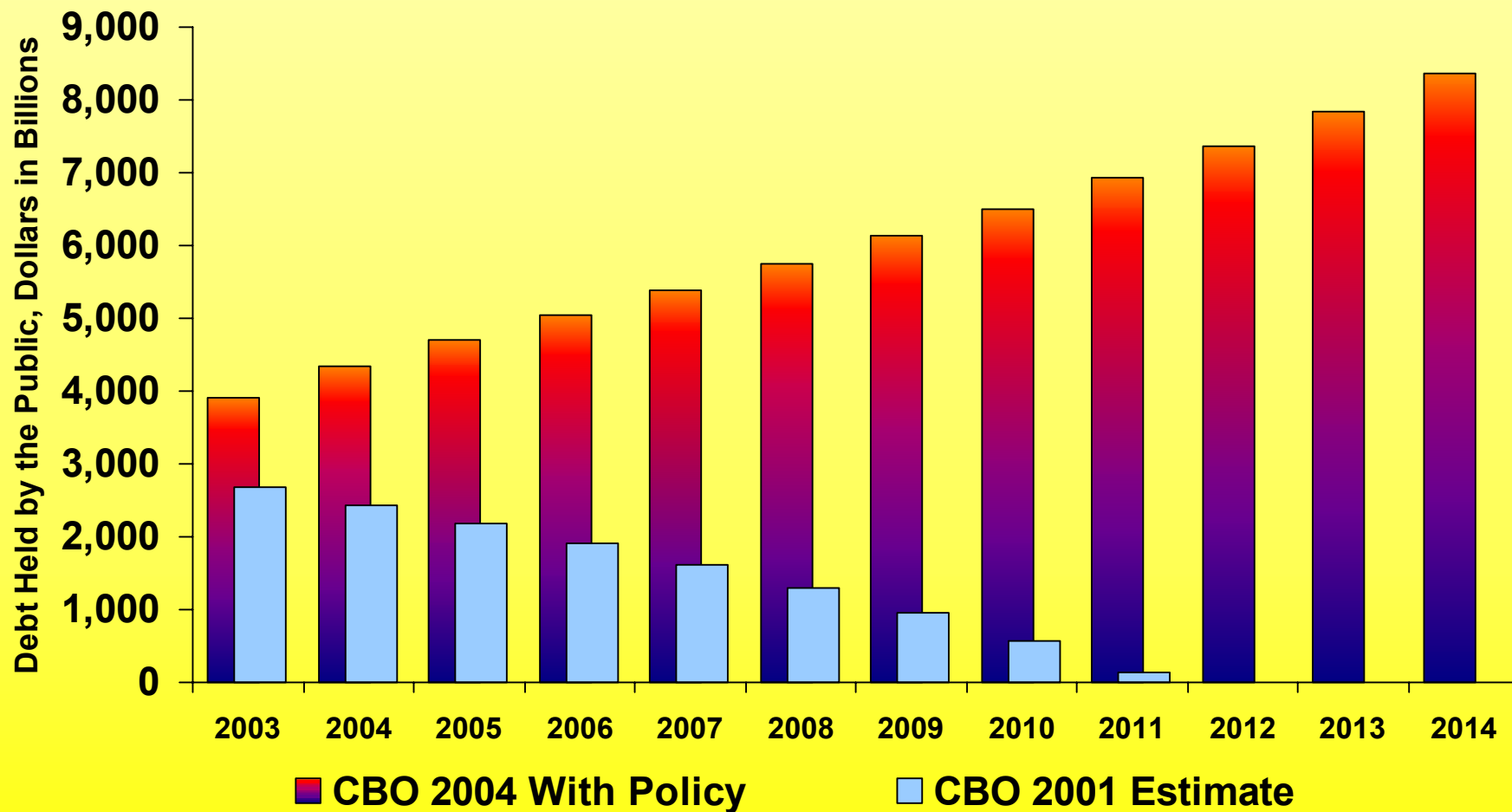
Forecast of 2004 Surplus or Deficit, Billions of Dollars

	Unified	On-Budget
January 2001	397	196
August 2001	201	-3
January 2002	54	-141
August 2002	-111	-299
January 2003	-145	-319
September 2004	-422	-574

Budget Projections Already Assume Strong Growth



Contrary to 2001 Estimates, Republican Policies *Increase* National Debt



Bush Budget Raises the Debt Tax

Federal Gross Interest per Family of Four

